

Financial Statements  
and  
Independent Auditors' Report

**Eastern Idaho Technical  
College Foundation, Inc.**

*June 30, 2005 and 2004*

# Eastern Idaho Technical College Foundation, Inc.

## Contents *June 30, 2005 and 2004*

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## INDEPENDENT AUDITORS' REPORT

Board of Directors

We have audited the accompanying statements of financial position of Eastern Idaho Technical College Foundation, Inc. (the Foundation) - a component unit of Eastern Idaho Technical College - as of June 30, 2005 and 2004, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Eastern Idaho Technical College Foundation, Inc. as of June 30, 2005 and 2004, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Galusha Higgins and Galusha PC". The signature is written in a cursive, flowing style.

GALUSHA, HIGGINS & GALUSHA, P.C.  
Certified Public Accountants

Idaho Falls, Idaho  
August 19, 2005

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# Eastern Idaho Technical College Foundation, Inc.

## Statements of Financial Position June 30,

	<u>2005</u>	<u>2004</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	262,674	321,022
Investments	1,801,578	861,032
Pledges receivable	312	200
Accrued interest receivable	11,061	7,338
Note receivable, current portion	10,581	9,678
Total current assets	<u>2,086,206</u>	<u>1,199,270</u>
<b>PERMANENTLY RESTRICTED ASSETS</b>		
Investments	<u>552,903</u>	<u>538,783</u>
<b>EQUIPMENT</b>		
Equipment	6,164	6,164
Accumulated depreciation	(6,017)	(5,721)
Net equipment	<u>147</u>	<u>443</u>
<b>OTHER ASSETS</b>		
Note receivable, net of current portion	<u>119,611</u>	<u>130,257</u>
Total assets	<u><u>2,758,867</u></u>	<u><u>1,868,753</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	798	
Annuity payable, current portion	8,856	8,282
Total current liabilities	<u>9,654</u>	<u>8,282</u>
<b>LONG-TERM LIABILITIES</b>		
Annuity payable, net of current portion	29,113	37,968
Payable to Idaho State University	27,800	27,800
Total long-term liabilities	<u>56,913</u>	<u>65,768</u>
Total liabilities	<u>66,567</u>	<u>74,050</u>
<b>NET ASSETS</b>		
Unrestricted	418,960	392,769
Temporarily restricted	1,720,437	863,151
Permanently restricted	552,903	538,783
Total net assets	<u>2,692,300</u>	<u>1,794,703</u>
Total liabilities and net assets	<u><u>2,758,867</u></u>	<u><u>1,868,753</u></u>

The accompanying notes are an integral part of these statements.

# Eastern Idaho Technical College Foundation, Inc.

## Statement of Activities Year Ended June 30, 2005

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUES AND SUPPORT</b>				
Public support				
Contributions	15,060	765,807	14,120	<b>794,987</b>
Special fund-raising events net of \$7,034 expenses	9,707			<b>9,707</b>
Donated services	57,674			<b>57,674</b>
Unrealized gain (loss) on investments	(3,415)	116,616		<b>113,201</b>
Gain (loss) on sale of investments	(3,633)	3,150		<b>(483)</b>
Interest and dividends	29,320	96,995		<b>126,315</b>
VICA income net of \$4,225 expenses	487			<b>487</b>
Net assets released from restrictions	125,282	(125,282)		<b>0</b>
 Total revenues and support	 230,482	 857,286	 14,120	 <b>1,101,888</b>
 <b>EXPENSES</b>				
Scholarships	125,519			<b>125,519</b>
Annuity payments	2,918			<b>2,918</b>
Operating expenses	75,853			<b>75,853</b>
 Total expenses	 204,290	 0	 0	 <b>204,290</b>
 Change in net assets	 26,192	 857,286	 14,120	 <b>897,598</b>
Net assets, beginning of year	392,768	863,151	538,783	<b>1,794,702</b>
Net assets, end of year	418,960	1,720,437	552,903	<b>2,692,300</b>

The accompanying notes are an integral part of these statements.

# Eastern Idaho Technical College Foundation, Inc.

## Statement of Activities Year Ended June 30, 2004

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUES AND SUPPORT</b>				
Public support				
Contributions	83,367	179,714	5,015	<b>268,096</b>
Special fund-raising events net of \$12,428 expenses	4,274			<b>4,274</b>
Donated services	54,543			<b>54,543</b>
Unrealized gain (loss) on investments	(10,371)	(41,476)		<b>(51,847)</b>
Gain (loss) on sale of investments	(185)	10,875		<b>10,690</b>
Interest and dividends	18,254	72,452		<b>90,706</b>
VICA income net of \$6,122 expenses	639			<b>639</b>
Net assets released from restrictions	389,438	(389,438)		<b>0</b>
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Total revenues and support	539,959	(167,873)	5,015	<b>377,101</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>EXPENSES</b>				
Classrooms, equipment, and books	50			<b>50</b>
Scholarships	144,565			<b>144,565</b>
Annuity payments	4,861			<b>4,861</b>
Operating expenses	69,756			<b>69,756</b>
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Total expenses	219,232	0	0	<b>219,232</b>
	<hr/>	<hr/>	<hr/>	<hr/>
Change in net assets	320,727	(167,873)	5,015	<b>157,869</b>
Net assets, beginning of year	72,041	1,031,024	533,768	<b>1,636,833</b>
	<hr/>	<hr/>	<hr/>	<hr/>
Net assets, end of year	392,768	863,151	538,783	<b>1,794,702</b>
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The accompanying notes are an integral part of these statements.

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# Eastern Idaho Technical College Foundation, Inc.

## Statements of Cash Flows Year Ended June 30,

	<u>2005</u>	<u>2004</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from contributors	1,021,016	184,502
Net cash received from special fund raising events	10,194	4,913
Interest and dividends received	122,592	95,796
Cash paid towards library and college expenses	(705)	(50)
Cash paid for scholarships	(125,519)	(144,565)
Cash paid to suppliers	(17,085)	(15,213)
Annuity payments	(11,200)	(69,502)
	<u>999,293</u>	<u>55,881</u>
Net cash flows provided by operating activities		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net purchase (receipt) of investments	(1,053,264)	8,643
Principal payments on note receivable	9,743	7,954
	<u>(1,043,521)</u>	<u>16,597</u>
Net cash flows provided (used) by investing activities		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from contributions restricted for:		
Investments in endowment	(14,120)	(5,015)
	<u>(14,120)</u>	<u>(5,015)</u>
Net cash flows provided by financing activities		
Net increase (decrease) in cash	(58,348)	67,463
Cash and cash equivalents at beginning of the year	<u>321,022</u>	<u>253,559</u>
Cash and cash equivalents at end of the year	<u><u>262,674</u></u>	<u><u>321,022</u></u>

The accompanying notes are an integral part of these statements.

# Eastern Idaho Technical College Foundation, Inc.

## Statements of Cash Flows Year Ended June 30,

	<u>2005</u>	<u>2004</u>
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	<u>897,597</u>	<u>157,869</u>
<b>ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Gain (loss) on sale of investments	(483)	10,690
Unrealized gain (loss) on investments	113,201	(51,847)
Change in accounts payable	798	0
Change in pledges receivable	(112)	525
Change in accumulated depreciation	296	296
Change in accrued interest receivable	(3,723)	5,090
Change in annuity payable	<u>(8,281)</u>	<u>(66,742)</u>
Total adjustments	<u>101,696</u>	<u>(101,988)</u>
Net cash flows from operating activities	<u><u>999,293</u></u>	<u><u>55,881</u></u>

### Supplementary schedule of non-cash investing and financing transactions

Donated wages and advertisting of \$57,674 and donated wages of \$54,543 were received during the years, ended June 30, 2005 and 2004, respectively.

The accompanying notes are an integral part of these statements.

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# Eastern Idaho Technical College Foundation, Inc.

Notes to Financial Statements  
*June 30, 2005 and 2004*

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## NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Organization. The Eastern Idaho Technical College Foundation (the Foundation) was established in 1992 to solicit gifts, devises, monies, or properties to be held and managed for the exclusive benefit of Eastern Idaho Technical College (the College). The Foundation is a tax exempt organization under Section 501(c)(3) of the Internal Revenue Code, and a publicly supported charitable organization as described in sections 509(a)(1) and 170(b)(A)(vi).

The financial statements presented are only for the Foundation and do not include the assets, liabilities, and fund balances and the revenues, expenditures, and capital additions of Eastern Idaho Technical College as a whole. Accordingly, the financial statements are not intended to present the financial position of Eastern Idaho Technical College or its results of operation for the periods then ended in conformity with accounting principles generally accepted in the United States of America.

2. Basis of Accounting. The financial statements of the Foundation have been prepared in accordance with Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." This statement requires reporting amounts for an organization's total assets, liabilities, and net assets in a statement of financial position; reporting the change in an organization's net assets in a statement of activities; and reporting the change in its cash and cash equivalents in a statement of cash flows.

This statement also requires classification of an organization's net assets and its revenues, expenses, gains, and losses based on the existence or absence of donor-imposed restrictions into three separate classes of net assets - permanently restricted, temporarily restricted, and unrestricted.

3. Cash and Cash Equivalents. The Foundation treats as cash and cash equivalents, demand deposits, and all investments with original maturities of 60 days or less.
4. Revenues and Support. The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Foundation reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

5. Estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires the Foundation to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, support, and expenditures during the reporting period. Actual results could differ from those estimates.

# Eastern Idaho Technical College Foundation, Inc.

## Notes to Financial Statements June 30, 2005 and 2004

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### NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

#### 6. Reclassifications

Certain prior year balances have been reclassified to conform to the presentation adopted in the current period. Such reclassifications had no effect on the net assts of the prior year.

### NOTE B CASH AND CASH EQUIVALENTS

At June 30, 2005 and 2004, the carrying amount of the Foundation's cash and cash equivalents was \$262,674 and \$321,022, respectively. The cash balance is comprised of the following:

	2005	2004
Cash on hand and held at banking institution	208,393	191,434
Cash held in Money Market Fund through US Bancorp Piper Jaffray	54,281	129,588
Total balance held	262,674	321,022

Of the bank balance, \$136,002 was covered by federal depository insurance for the year ended June 30, 2005. Cash held in Money Market funds was uninsured and uncollateralized and was invested in U.S. Government backed securities.

### NOTE C PLEDGES RECEIVABLE

Pledges receivable amount to and are to be used for the following purposes:

	2005	2004
Scholarship pledges	312	100
Fund raising sponsorships		100
Total pledges receivable	312	200

All pledges recorded at June 30, 2005, were determined to be collectible and as such no allowance has been recorded. Of the total pledges receivable at year end, the entire balance is due in less than one year.

### NOTE D INVESTMENTS

The following methods and assumptions were used by the board in estimating its fair value disclosures for financial instruments:

Cash, cash equivalents, and short-term pledges receivable: The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

Short-term and endowment investments: The fair values of investments are based on quoted market prices for those or similar investments.

Note receivable: The fair value of the note receivable that is due in more than one year is estimated at the same value as the face value of the note.

# Eastern Idaho Technical College Foundation, Inc.

## Notes to Financial Statements June 30, 2005 and 2004

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### NOTE D INVESTMENTS, continued

Investments are recorded at fair value and consist of the following:

	2005	2004
Equity securities	306,856	218,497
U.S. Government securities	30,025	53,865
Corporate debt securities	2,017,600	1,127,453
Total investments	2,354,481	1,399,815

Investments are held through US Bancorp Piper Jaffray and Edward Jones and are insured by Securities Investor Protection Corporation.

### NOTE E NOTE RECEIVABLE

The Foundation sold donated property in 1998, for \$153,000 of which \$133,000 was in the form of a note and deed of trust. The note receivable bore interest at 9% and called for monthly installments of \$1,071, including interest and fees. The note was paid off in May 2002 and refinanced with a new note for \$150,000. The new note receivable bears interest at 8.25% and calls for monthly installments of \$1,744, including interest and fees.

### NOTE F ANNUITY PAYABLE

The Foundation, in prior years, received a contribution in the form of an irrevocable charitable remainder trust. The trust agreement calls for annuity payments to be paid over the contributor's life. Annuity payments are to be made to Edward C. Breiter in equal quarterly amounts of \$2,800. The estimated present value of the annuity payable to Edward Breiter at June 30, 2005 and June 30, 2004, is \$35,757 and \$46,250, respectively. The present value of the annuity was calculated using the applicable federal rate and the life expectancy of the donors at the time of the gift and updated for change in life expectancies.

The annuity payable balance is subject to change based on actual annuity payments made over the life of the contributor.

Restricted assets at June 30, 2005, held for annuity payments for Edward Breiter consists of cash of \$1,517 and investments of \$144,956.

### NOTE G PAYABLE TO IDAHO STATE UNIVERSITY

The Edward C. Breiter Charitable Remainder Annuity Trust agreement also indicates that one-third of the total remainder shall be distributed to Idaho State University. At June 30, 2005 and 2004, the one-third remainder was estimated at \$27,800. However, this amount is subject to change based on the final remainder amount.

# Eastern Idaho Technical College Foundation, Inc.

## Notes to Financial Statements June 30, 2005 and 2004

### NOTE H      DONATED SERVICES

The College donated 100% of the total Director of Operation's salary and benefits, which has been recorded in these financial statements as a donation and expenditure at June 30, 2005 and June 30, 2004, of \$56,924 and \$54,543, respectively. The College also provides office space and other services to the Foundation. The value of these services is not reflected in these statements. The Foundation also received donated graphics services of \$750 for the year ended June 30, 2005.

### NOTE I      NET ASSETS

Temporarily restricted net assets at June 30, 2005 and 2004, are available for the following purposes:

	<u>2005</u>	<u>2004</u>
Edward C. Breiter annuity payments (remainder restricted for endowment)	<b>79,042</b>	81,184
Library expansion	<b>1,500</b>	1,500
ABE	<b>33,232</b>	29,728
GOALS	<b>5,000</b>	5,000
Diesel technology program	<b>607</b>	1,107
Health Education Building	<b>11,000</b>	11,000
Scholarships	<b>1,590,056</b>	733,632
Total	<b><u>1,720,437</u></b>	<u>863,151</u>

Permanently restricted net assets at June 30, 2005 and 2004, are restricted to investment in perpetuity, the income from which is expendable to support:

	<u>2005</u>	<u>2004</u>
Scholarships to Idaho Steel employees and related individuals	<b>50,000</b>	50,000
Health related programs scholarships	<b>38,100</b>	38,100
Any activities of the Foundation	<b>10,000</b>	10,000
Other scholarships	<b>400,803</b>	386,683
Mechanical trade program scholarships	<b>54,000</b>	54,000
Total	<b><u>552,903</u></b>	<u>538,783</u>

Net assets at June 30, 2005 and 2004, were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors and the completion of the Jordan annuity as follows:

	<u>2005</u>	<u>2004</u>
Library and diesel technology	<b>705</b>	50
Annuity payments	<b>2,918</b>	4,861
Scholarships	<b>121,659</b>	138,617
Jordan annuity remainder		124,801
Unrestricted scholarship funds		121,109
Total	<b><u>125,282</u></b>	<u>389,438</u>

# Eastern Idaho Technical College Foundation, Inc.

## Notes to Financial Statements June 30, 2005 and 2004

### NOTE J EXPENSES

Expenses incurred as of June 30, 2005, were for:

	Scholarships	Annuity Payments	Operating	Total
Scholarships	125,519			<b>125,519</b>
Advertising			534	<b>534</b>
Donor recognition			1,395	<b>1,395</b>
Dues and subscriptions			1,111	<b>1,111</b>
Legal and professional			4,675	<b>4,675</b>
Phone			528	<b>528</b>
Management and investment fees			5,058	<b>5,058</b>
Meals and entertainment			744	<b>744</b>
Miscellaneous			1,832	<b>1,832</b>
Salary and benefits			56,924	<b>56,924</b>
Travel			466	<b>466</b>
Printing			2,586	<b>2,586</b>
Annuity payments		2,918		<b>2,918</b>
	<u>125,519</u>	<u>2,918</u>	<u>75,853</u>	<u><b>204,290</b></u>

Certain general and administrative expenses of the Foundation are paid by Eastern Idaho Technical College. The Foundation transfers funds to the College for reimbursement.



# Eastern Idaho Technical College Foundation, Inc.

Notes to Financial Statements  
June 30, 2005 and 2004

## NOTE J      **EXPENSES**, continued

Expenses incurred as of June 30, 2004, were for:

	Scholarships	Equipment and Books	Annuity Payments	Operating	Total
Library books		50			<b>50</b>
Scholarships	144,565				<b>144,565</b>
Advertising				90	<b>90</b>
Donor recognition				672	<b>672</b>
Dues and subscriptions				1,124	<b>1,124</b>
Legal and professional				4,625	<b>4,625</b>
Phone				498	<b>498</b>
Management and investment fees				4,248	<b>4,248</b>
Meals and entertainment				758	<b>758</b>
Miscellaneous				1,566	<b>1,566</b>
Salary and benefits				54,543	<b>54,543</b>
Travel				257	<b>257</b>
Printing				1,375	<b>1,375</b>
Annuity payments			4,861		<b>4,861</b>
	<u>144,565</u>	<u>50</u>	<u>4,861</u>	<u>69,756</u>	<u><b>219,232</b></u>

Certain general and administrative expenses of the Foundation are paid by Eastern Idaho Technical College. The Foundation transfers funds to the College for reimbursement.

## NOTE K      **ENDOWMENT HELD BY IDAHO COMMUNITY FOUNDATION**

In July 1999, the Rogers and Hazel Rose Fund for Eastern Idaho Technical College was set up with the Idaho Community Foundation (ICF), an Idaho nonprofit corporation, in the amount of \$100,000. The assets of the fund are held by ICF as a permanent endowment. The purpose of the fund is to make charitable distributions to Eastern Idaho Technical College for equipment and/or maintenance needs and student scholarships. The maximum distribution from the fund is restricted to 50% of the prior year's net earnings. The Foundation has no receivable at June 30, 2005 or 2004. These assets are not reflected on these financial statements, as they are the assets of ICF.

# **Eastern Idaho Technical College Foundation, Inc.**

Notes to Financial Statements  
*June 30, 2005 and 2004*

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## **NOTE L FUNDS HELD BY IDAHO COMMUNITY FOUNDATION**

The Daugherty Foundation/College of Eastern Idaho Fund was established in 1991 with the Idaho Community Foundation (ICF), an Idaho nonprofit corporation. The purpose of the fund is to make charitable distributions to Eastern Idaho Technical College in the form of student scholarships. The ICF has discretionary authority to distribute principal, any additions thereto, and income earned in making the donations. The Foundation has no receivable at June 30, 2005 or 2004. These assets are not reflected on these financial statements, as they are the assets of ICF.

